

Exhibit 8

(24)

ARBITRAGE AND TAX CERTIFICATE

I certify the following with respect to the \$3,500,000,000 Commonwealth of Puerto Rico General Obligation Bonds of 2014, Series A (the "Bonds"), issued today by the Commonwealth of Puerto Rico (the "Commonwealth") pursuant to Act No. 33 of the Legislature of Puerto Rico approved on December 7, 1942, as amended, Act No. 242-2011, approved December 13, 2011, Act No. 45-2013, approved June 30, 2013, and Act No. 34-2014, approved March 4, 2014 and pursuant to a resolution authorizing the issuance of the Bonds adopted by the Secretary of the Treasury of Puerto Rico, approved by the Governor of Puerto Rico, and consented to as to certain matters contained therein by the Secretary of Justice of Puerto Rico, on March 11, 2014 (the "Resolution"). I am an officer of the Commonwealth charged, with others, with the responsibility for issuing the Bonds.

1. **Purpose of the Bonds.** The Commonwealth is issuing the Bonds to (i) refund the Puerto Rico Sales Tax Financing Corporation ("COFINA") \$333,300,000 Junior Lien Bond Anticipation Notes Series 2013A (the "COFINA BAN's"), (ii) repay advances by the Government Development Bank for Puerto Rico ("GDB") under lines of credit with the Commonwealth to pay interest on the Commonwealth's Public Improvement Bonds on January 1 and July 1, 2013 (the "FY 2013 Commonwealth Interest Line of Credit") and the principal of Public Improvement Bonds on July 1, 2013 (the "FY 2013 Commonwealth Principal Line of Credit"), (iii) repay advances by GDB under lines of credit with the Puerto Rico Public Buildings Authority ("PBA") to pay interest on PBA's Government Facilities Revenue Bonds on January 1 and July 1, 2013 (the "FY 2013 PBA Interest Line of Credit")

and the principal of Government Facilities Revenue Bonds on July 1, 2013 (the "FY 2013 PBA Principal Line of Credit"), (iv) repay advances by GDB under lines of credit with the Commonwealth to pay interest on the Commonwealth's Public Improvement Bonds on January 1 and July 1, 2014 (the "FY 2014 Commonwealth Interest Line of Credit") and the principal of certain Public Improvement Bonds on July 1, 2014 (the "FY 2014 Commonwealth Principal Line of Credit"), (v) repay advances by GDB under the FY 2013 Commonwealth Principal Line of Credit to refund the principal of the Commonwealth's \$104,700,000 Public Improvement Refinancing Notes, Series 2013A (the "Commonwealth Series A Notes") and \$210,300,000 Public Improvement Refinancing Notes, Series 2013 B (the "Commonwealth Series B Notes"), (vi) refund the Commonwealth's Public Improvement Refunding Bonds, Series 2003C (the "2003C Refunding Bonds") designated Series 2003 C-5-1, in the aggregate principal amount of \$44,905,000, and Series 2003 C-5-2, in the aggregate principal amount of \$188,710,000 (collectively, the "Refunded 2003 C-5 Bonds"), and Series 2003 C-6-1 in the aggregate principal amount of \$98,695,000 and Series C-6-2 in the aggregate principal amount of \$99,450,000 (collectively, the "Refunded 2003 C-6 Bonds"), and the Commonwealth's Public Improvement Refunding Bonds, Series 2007 A (the "2007 A Refunding Bonds"), designated Series 2007 A-2 in the aggregate principal amount of \$14,915,000 (the "Refunded 2007 A-2 Bonds") and Series 2007 A-3 in the aggregate principal amount of \$14,925,000 (the "Refunded 2007 A-3 Bonds"), (vii) pay, or repay advances by GDB under a line of credit with the Commonwealth (the "Swap Terminations Line of Credit") used to pay, termination payments for interest rate swaps related to the Refunded 2003 C-5 Bonds, Refunded 2003 C-6 Bonds, Refunded 2007 A-2 Bonds and Refunded 2007 A-3 Bonds (the "Swap Termination Payments"), (viii) repay advances by GDB under a line of credit with the

Commonwealth (the “FY 2014 Operating Line of Credit”), pursuant to Act 45, to pay Restricted Working Capital Expenditures (as defined in section 6 below) during the current fiscal year 2014, (ix) repay advances by GDB under a line of credit with the Commonwealth (the “New Money Line of Credit”) to fund the costs of certain capital improvements (the “Projects”) made pursuant to Act 242, (x) repay advances by GDB under lines of credit with the Commonwealth issued in 2004 and 2006 (the “2004 and 2006 Operating Lines of Credit”) to pay Restricted Working Capital Expenditures in prior fiscal years, (xi) pay capitalized interest on a portion of the Bonds through July 1, 2016 (other than Bonds allocable to advance refunding purposes), and (xii) pay costs of issuance of the Bonds.

2. **Single Issue.** All of the Bonds were sold at the same time pursuant to the same plan of financing and are reasonably expected to be paid from substantially the same source of funds. No other obligations which are reasonably expected to be paid from substantially the same source of funds as the Bonds have been or will be sold (i) less than 15 days from the date that the bond purchase agreement for the Bonds was signed and (ii) pursuant to the same plan of financing as the Bonds. Thus, pursuant to Treasury Regulation §1.150-1(c)(1), the Bonds are treated as a single issue for federal income tax purposes.

3. **Relationship of the Commonwealth, COFINA, PBA and GDB.** The Commonwealth and GDB have been advised by bond counsel that, in order to ensure that interest on the Bonds is excluded from gross income for federal income tax purposes, the applicable requirements of the Internal Revenue Code of 1986, as amended (the “Code”), should be applied by treating the Commonwealth, COFINA, PBA and GDB as related for purposes of the Code. Accordingly, the representations contained in this Arbitrage and Tax Certificate are made treating the Commonwealth, COFINA, PBA and GDB as related persons for federal

income tax purposes. Thus, unspent proceeds of the Bonds that are paid to GDB are not expended until spent by GDB for federal income tax purposes.

4. **Proceeds of the Bonds.** I reasonably expect the following with respect to the use of the proceeds of the Bonds:

(a) The net proceeds received by the Commonwealth from the sale of the Bonds are \$3,226,869,539.33 (the "Net Proceeds"), representing the \$3,500,000,000 par amount of the Bonds, less original issue discount of \$245,000,000.00 and underwriters' discount of \$28,130,460.67.

(b) The Net Proceeds will be used as follows:

(i) \$342,365,760.00 will be used to repay the COFINA BAN's in full on April 1, 2014.

(ii) \$215,936,841.00 will be used immediately to repay the principal of and \$15,393,427.08 to pay interest on the FY 2013 Commonwealth Interest Line of Credit.

(iii) \$321,100,000.00 will be used immediately to repay the portion of the principal of and \$26,327,646.25 to pay interest on the FY 2013 Commonwealth Principal Line of Credit which funded and refinanced deposits to pay the principal of Public Improvement Bonds on July 1, 2013.

(iv) \$103,652,602.00 will be used immediately to repay the principal of and \$7,397,585.10 to pay interest on the FY 2013 PBA Interest Line of Credit.

(v) \$71,110,000.00 will be used immediately to repay the principal of and \$5,077,585.95 to pay interest on the FY 2013 PBA Principal Line of Credit.

(vi) \$419,338,629.00 will be used immediately to repay the principal of and \$2,249,861.00 to pay interest on the FY 2014 Commonwealth Interest Line of Credit and

the portion of the principal of the FY 2013 Commonwealth Principal Line of Credit which funded and refinanced deposits to pay interest on the Commonwealth's Public Improvement Bonds on January 1 and July 1, 2014.

(vii) \$105,905,000.00 will be used immediately to repay the principal of and \$1,272,317.22 to pay interest on the FY 2014 Commonwealth Principal Line of Credit and the portion of the principal of the FY 2013 Commonwealth Principal Line of Credit which funded and refinanced deposits to pay principal of the Commonwealth's Public Improvement Bonds on July 1, 2014.

(viii) \$436,397,983.94 will be used to redeem the Refunded 2003 C-5-1 Bonds and Refunded 2003 C-6 Bonds immediately and the Refunded 2003 C-5-2 Bonds on April 10, 2014 and to pay certain accrued fees.

(ix) \$30,176,021.23 will be used to redeem the Refunded 2007 A-3 Bonds immediately and the Refunded Series 2007 A-2 Bonds on April 10, 2014 and to pay certain accrued fees.

(x) \$90,417,100.00 will be used immediately to pay certain Swap Termination Payments (\$47,705,000), to repay the principal of the Swap Termination Line of Credit (\$42,454,600.00) and to pay related fees (\$257,500.00).

(xi) \$92,500,000.00 will be used immediately to repay the principal of and \$1,580,000.00 to pay interest on the FY 2014 Operating Line of Credit.

(xii) \$228,848,255.89 will be used immediately to repay the principal of and \$6,099,078.79 to pay interest on the New Money Line of Credit.

(xiii) \$33,108,453.15 will be used immediately to repay a portion of the principal of and \$7,333,521.92 to pay interest on the 2004 Operating Line of Credit.

(xiv) \$220,725,414.94 will be used immediately to repay the principal of and \$11,115,977.14 to pay interest on the 2006 Operating Line of Credit.

(xv) \$422,729,407.73 will be used to pay capitalized interest on a portion of the Bonds (other than Bonds funding the payment of principal of certain Public Improvement Bonds on July 1, 2014) through July 1, 2016.

(xvi) \$8,691,070.00 will be used to pay costs of issuance of the Bonds.

5. **Working Capital Financing.** Other than the portion of the Bonds allocable to the funding of the Projects (and related capitalized interest) and the refunding of (i) the New Money Line of Credit (and related capitalized interest) (ii) the Refunded 2003 C-5 Bonds and Refunded 2003 C-6 Bonds and (iii) the Refunded 2007 A-2 Bonds and Refunded 2007 A-3 Bonds, the Bonds are being treated as a long-term working capital financing for the Commonwealth. The Commonwealth does not reasonably expect to have Available Amounts (as defined below) in excess of the Commonwealth's Working Capital Reserve (as defined below) during fiscal years 2014 and 2015. For this purpose, (i) Available Amounts includes cash, investments and other amounts held in accounts or otherwise by the Commonwealth or by a related party (excluding proceeds of the Bonds) if those amounts may be used by the Commonwealth for working capital expenditures of the type financed by the Bonds without legislative or judicial action and without a legislative, judicial or contractual requirement that those amounts be reimbursed and (ii) the Commonwealth's Working Capital Reserve for a fiscal year is equal to 5 percent of the Commonwealth's actual expenditures (whether capital expenditures or working capital expenditures) paid out of current revenues for the prior fiscal year. The Commonwealth's Working Capital Reserve for fiscal year 2014 is 5 percent of the

Commonwealth's actual expenditures for fiscal year 2013 (\$9,101,701,000) or \$455,085,050 and the Commonwealth's projected Working Capital Reserve for fiscal year 2015 is 5 percent of the Commonwealth's projected expenditures for fiscal year 2014 (\$9,437,762,000) or \$471,888,100. Copies of the Commonwealth's final general fund cash flows for fiscal year 2013 and projected general fund cash flows for fiscal year 2014 are attached as Exhibit A. Beginning with the fiscal year commencing July 1, 2015 and for each subsequent fiscal year for which the applicable portion of the Bonds remains outstanding, the Commonwealth will determine its Available Amounts for the financed working capital expenditures, in excess of the Commonwealth's Working Capital Reserve, as of the first day of the fiscal year (the "Yearly Available Amount") and within 90 days after the start of each fiscal year in which it determines a Yearly Available Amount, the Commonwealth will apply an amount equal to the Yearly Available Amount for such year to redeem or invest in tax-exempt bonds that are excluded from investment property under section 148(b)(3) (that is, tax-exempt bonds that are not subject to the alternative minimum tax) ("Eligible Tax-Exempt Bonds"). The maximum amount required to be applied in such manner shall equal the outstanding principal amount of the applicable portion of the Bonds, determined as of the date of such redemption or investment. Any amounts invested in Eligible Tax-Exempt Bonds shall be invested or reinvested continuously in such tax-exempt bonds, except during a permitted reinvestment period of no more than 30 days in a fiscal year, for as long as the applicable portion of the Bonds remains outstanding. Accordingly, the Bonds are not expected to be outstanding longer than the period reasonably necessary to accomplish the governmental purposes of the Bonds. For purposes of this section 5, the Commonwealth is applying Proposed Regulations Section 1.148-1(c)(4)(ii) published in the Federal Register on September 16, 2013 and may apply any subsequent proposed, temporary or permanent

regulations related to long-term working capital financing that it is permitted to apply to the Bonds.

6. **Restricted Working Capital Expenditures.** Net Proceeds in the amount of \$92.5 million will be used to repay advances under the Operating Line of Credit for working capital expenditures during the current fiscal year 2014 that may not be eligible for any exception to the “proceeds-spent-last” rule set forth in Treasury Regulation §1.148-6(d)(3) (“Restricted Working Capital Expenditures”). Thus, the advances under the Operating Line of Credit used for Restricted Working Capital Expenditures are treated as spent only to the extent that they exceed the Commonwealth’s Available Amounts at the time the original expenditure was or is made. For this purpose, otherwise Available Amounts are treated as unavailable in an amount equal to the Commonwealth’s Working Capital Reserve (as defined in section 5 above) for the fiscal year in which the Restricted Working Capital Expenditures are made.

In the case of the current fiscal year 2014, the Commonwealth’s revised budget provides for a deficit of approximately \$650 million. This deficit is addressed using Net Proceeds of the Bonds to repay advances under the Operating Line of Credit used for Restricted Working Capital Expenditures and approximately \$575 million of restructurings of the debt service of the Commonwealth’s Public Improvement Bonds. These cash flows do not take into account a Working Capital Reserve. After taking into account the Commonwealth’s Working Capital Reserve of \$455 million for the current fiscal year (see section 5 above), the Commonwealth’s deficit is \$1.105 billion (\$650 million plus \$455 million) for purposes of determining whether Net Proceeds have been spent for Restricted Working Capital Expenditures. Accordingly, the Commonwealth’s projected deficit for federal income tax purposes of \$1.105 billion, taking into account the Commonwealth’s Working Capital Reserve for the current fiscal year, substantially

exceeds the sum of the Net Proceeds of approximately \$575 million to be used for restructurings of the debt service of the Commonwealth's Public Improvement Bonds and the Net Proceeds of \$92.5 million to be used for Restricted Working Capital Expenditures. Thus, the Commonwealth reasonably expects that the \$92.5 million of Net Proceeds to be used to refinance Restricted Working Capital Expenditures will be treated as spent for purposes of the "proceeds-spent-last" rule during the current fiscal year.

7. **Tax Allocation.** Net Proceeds allocable to the payment of fees of GDB are being allocated to the payment of interest on the Bonds (other than Bonds funding the payment of principal of certain Public Improvement Bonds on July 1, 2014) subsequent to July 1, 2016. Such Net Proceeds and investment earnings qualify for the exception to the proceeds-spent-last rule provided by Treasury Regulation §1.148-6(d)(3)(ii)(A)(3).

8. **Refunded Obligations and Future Advance Refunding of the Bonds.**

(a) The COFINA BAN's were issued on April 30, 2013 to pay Restricted Working Capital Expenditures during the fiscal year 2013. There are no unspent proceeds of the COFINA BAN's. The portion of the Bonds allocable to the refunding of the COFINA BAN's may be advance refunded.

(b) The FY 2013 Commonwealth Interest Line of Credit funded the payment of interest on Public Improvement Bonds on January 1 and July 1, 2013. Because the proceeds of the FY 2013 Commonwealth Interest Line of Credit were used only to pay interest on Public Improvement Bonds that accrued during the one year period including the issuance date of the FY 2013 Commonwealth Interest Line of Credit, the FY 2013 Commonwealth Interest Line of Credit is not treated as a refunding issue under Treasury Regulation §1.150-1(d)(2)(i). Accordingly, the portion of the Bonds allocable to the repayment of the FY 2013

Commonwealth Interest Line of Credit may be advance refunded.

(c) The FY 2013 Commonwealth Principal Line of Credit funded and refinanced deposits to pay the principal of Public Improvement Bonds on July 1, 2013. The portion of the Bonds allocable to the portion of the FY 2013 Commonwealth Principal Line of Credit which funded the payment of advance refundable Public Improvement Bonds may in turn be advance refunded. (See Treasury Regulation §1.149(d)-1(e)) A schedule of the principal of Public Improvement Bonds paid on July 1, 2013 is attached as Exhibit B.

(d) The FY 2013 PBA Interest Line of Credit funded interest on PBA's Government Facilities Revenue Bonds on January 1 and July 1, 2013 and the FY 2013 PBA Principal Line of Credit funded the payment of principal on July 1, 2013. The portion of the Bonds allocable to the portions of the FY 2013 PBA Interest Line of Credit and FY 2013 PBA Principal Line of Credit which funded the payment of interest on and the principal of advance refundable Government Facilities Revenue Bonds may in turn be advance refunded. (See Treasury Regulation §1.149(d)-1(e)) A schedule of the principal of Government Facilities Revenue Bonds paid on July 1, 2013 is attached as Exhibit C.

(e) The FY 2014 Commonwealth Interest Line of Credit funded the payment of interest on Public Improvement Bonds on January 1 and July 1, 2014. Because the proceeds of the FY 2014 Commonwealth Interest Line of Credit were and will be used only to pay interest on Public Improvement Bonds that accrued during the one year period including the issuance date of the FY 2014 Commonwealth Interest Line of Credit, the FY 2014 Commonwealth Interest Line of Credit is not treated as a refunding issue under Treasury Regulation §1.150-1(d)(2)(i). Accordingly, the portion of the Bonds allocable to the repayment of the FY 2014 Commonwealth Interest Line of Credit may be advance refunded.

(f) The FY 2014 Commonwealth Principal Line of Credit funded the payment of principal of certain Public Improvement Bonds on July 1, 2014. Because the Bonds are being issued more than 90 days before July 1, 2014, Net Proceeds of the Bonds are being allocated to the portion of the FY 2014 Commonwealth Principal Line of Credit which funded the payment of Public Improvement Bonds which may be advance refunded. A schedule of the advance refundable principal of Public Improvement Bonds to be paid on July 1, 2014 from proceeds of the FY 2014 Commonwealth Principal Line of Credit and the portion of the FY 2013 Commonwealth Principal Line of Credit which refunded the Commonwealth Series B Notes described in (h) below is attached as Exhibit D. Accordingly, the portion of the Bonds allocable to the repayment of the FY 2014 Commonwealth Principal Line of Credit may not be advance refunded.

(g) A portion of the FY 2013 Commonwealth Principal Line of Credit funded the payment of the \$104,700,000 principal of the Commonwealth Series A Notes. The Commonwealth Series A Notes were issued on July 29, 2013 to repay advances by GDB under the FY 2014 Commonwealth Interest Line of Credit to fund deposits to the Redemption Fund to pay interest on the Public Improvement Bonds on January 1, 2014. The Commonwealth Series A Notes were a draw-down loan the proceeds of which were used to repay advances under the FY 2014 Commonwealth Interest Line of Credit immediately. Accordingly, the Commonwealth treated the proceeds of the Commonwealth Series A Notes as being used in substance directly to fund deposits to the Redemption Fund to pay interest on the Public Improvement Bonds on January 1, 2014. Because the proceeds of the Commonwealth Series A Notes were used only to pay interest on Public Improvement Bonds that accrued during the one year period including the issuance date of the Commonwealth Series A Notes, the

Commonwealth Series A Notes are not treated as a refunding issue under Treasury Regulation §1.150-1(d)(2)(i). Thus, the portion of the Bonds allocable to the refunding of the portion of the FY 2013 Commonwealth Principal Line of Credit which refunded the Commonwealth Series A Notes may be advance refunded. Alternatively, if proceeds of the FY 2014 Commonwealth Interest Line of Credit are treated as used to fund such deposits to the Redemption Fund, the FY 2014 Commonwealth Interest Line of Credit has been and will be used only to pay interest on Public Improvement Bonds that accrued during the one year period including the issuance date of the FY 2014 Commonwealth Interest Line of Credit and the FY 2014 Commonwealth Interest Line of Credit is not treated as a refunding issue under Treasury Regulation §1.150-1(d)(2)(i). Therefore, the portion of the Bonds allocable to the refunding of the portion of the FY 2013 Commonwealth Principal Line of Credit which refunded the Commonwealth Series A Notes may be advance refunded.

(h) A portion of the FY 2013 Commonwealth Principal Line of Credit funded the payment of the Commonwealth Series B Notes. The Commonwealth Series B Notes were issued on August 13, 2013 as part of a single issue with the Commonwealth BAN's to repay advances by GDB under the FY 2013 Commonwealth Principal Line of Credit and FY 2014 Commonwealth Principal Line of Credit to fund deposits to the Redemption Fund to pay principal of Public Improvement Bonds on July 1, 2013 and July 1, 2014, respectively. The portion of the Bonds allocable to the portion of the Commonwealth Series B Notes which refinanced the payment of advance refundable Public Improvement Bonds on July 1, 2013 may in turn be advance refunded. (See Treasury Regulation §1.149(d)-1(e)) The principal amounts of Public Improvement Bonds paid on July 1, 2013 are shown on Exhibit B. The Commonwealth Series B Notes were issued more than 90 days before the principal of the Public Improvement

Bonds is paid on July 1, 2014. Accordingly, the portion of the Commonwealth Series B Notes which funded the payment of principal on July 1, 2014 was allocated to advance refundable Public Improvement Bonds shown on Exhibit D. The portion of the Bonds allocable the Commonwealth Series B Notes which funded the payment of principal on July 1, 2014 may not be advance refunded.

(i) A portion of the New Money Line of Credit funded the payment of the Commonwealth BAN's. The Commonwealth BAN's were issued on August 13, 2013 as part of a single issue with the Commonwealth Series B Notes to repay bond anticipation notes issued to GDB (the "GDB BAN's"). The proceeds of the GDB BAN's were used to provide interim financing for the Projects. The portion of the Bonds allocable to the repayment of the portion of the New Money Lines of Credit which refunded the Commonwealth BAN's may be advance refunded.

(j) A portion of the New Money Line of Credit funded the payment of the Oriental Line of Credit. Proceeds of the Oriental Line of Credit were used to repay a GDB line of credit with the Commonwealth which provided interim financing for the Projects. The portion of the Bonds allocable to the repayment of the portion of the New Money Lines of Credit which refunded the Oriental Line of Credit may be advance refunded.

(k) The 2003C Refunding Bonds were issued on May 6, 2003 as part of a single issue with the Commonwealth's Public Improvement Refunding Bonds, Series 2003B (together, the "2003 Refunding Bonds") to advance refund and current refund certain of the Commonwealth's prior Public Improvement Bonds. Except as described below, the portion of the Bonds allocable to the payment of the Refunded 2003C Bonds may not be advance refunded.

(i) The 2003 Refunding Bonds current refunded certain of the Commonwealth's Public Improvement Bonds of 1987 and Public Improvement Refunding Bonds, Series 1987 (the "1987 Bonds") which were issued as a single issue to pay the costs of certain capital projects and to advance and current refund certain of the Commonwealth's prior Public Improvement Bonds. The portion of the Bonds allocable to the refunding of the portion of the Refunded 2003 C-5 and C-6 Bonds which refunded the new money portion of the 1987 Bonds and the portion of the 1987 Bonds that current refunded (directly or in a series of current refundings) new money bonds (or advance refunding bonds entitled to a second advance refunding) may be advance refunded.

(ii) The 2003 Refunding Bonds current refunded certain of the Commonwealth's Public Improvement Bonds of 1993 and Public Improvement Refunding Bonds, Series 1992A (the "1993/1992A Bonds") which were issued as a single issue to pay the costs of certain capital projects and to advance refund certain of the Commonwealth's prior Public Improvement Bonds. The portion of the Bonds allocable to the refunding of the portion of the Refunded 2003C Bonds which refunded the new money portion of the 1993/1992A Bonds may be advance refunded.

(iii) The 2003 Refunding Bonds current refunded the Commonwealth's special promissory notes (the "2003 Notes") which were issued to current refund certain of the Commonwealth's prior Public Improvement Bonds. The portion of the Bonds allocable to the refunding of the portion of the Refunded 2003C Bonds which refunded the portion of the 2003 Notes which refunded (directly or in a series of current refundings) new money bonds may be advance refunded.

(l) The 2007A Refunding Bonds were issued on October 16, 2007 as part

of a single issue with the Commonwealth's Public Improvement Bonds of 2007, Series A issued on October 4, 2007 (the "2007A Bonds"). Pursuant to a multipurpose allocation previously made by the Commonwealth under Treasury Regulation §1.148-9(h)(4)(v), a 30.9838 percent portion of the 2007A Refunding Bonds and 2007A Bonds is allocable to new money purposes. Accordingly, the portion of the Bonds allocable to the refunding of a 30.9838 percent portion of the Refunded 2007 A-2 Bonds and Refunded 2007 A-3 Bonds may be advance refunded.

(m) The portion of the Bonds refinancing Restricted Working Capital Expenditures and the Projects may be advance refunded.

9. **Transferred Proceeds.** There are no unspent proceeds of the refunded obligations described in section 8 above except as follows.

(a) A portion of the proceeds of the FY 2014 Commonwealth Interest Line of Credit and FY 2014 Commonwealth Principal Line of Credit have been used to make purchases of government securities under the Debt Service Deposit Agreement among the Commonwealth, GDB and Lehman Brothers Special Financing Inc. dated as of June 6, 2005, as amended (the "Debt Service Deposit Agreement") and also have been invested in government securities which will mature on the dates the Commonwealth is required to make future purchases of government securities under the Debt Service Deposit Agreement. Such proceeds of the FY 2014 Commonwealth Interest Line of Credit and FY 2014 Commonwealth Principal Line of Credit will become transferred proceeds of the Bonds upon the redemption of the FY 2014 Commonwealth Interest Line of Credit and FY 2014 Commonwealth Principal Line of Credit (or refunded obligations which refunded a portion of the FY 2014 Commonwealth Interest Line of Credit and FY 2014 Commonwealth Principal Line of Credit) and are invested at a yield not exceeding the Bond Yield (as defined in Section 12 below).

(b) Proceeds of the 2007A Refunding Bonds are held in escrow until July 1, 2016 to pay the bonds advance refunded by the 2007A Refunding Bonds. A portion of such proceeds will become transferred proceeds of the Bonds upon the redemption of the Refunded 2007 A-2 Bonds and Refunded 2007 A-3 Bonds. According to the verification report dated November 16, 2009 delivered in connection with the reinvestment of the escrowed proceeds, the yield of the escrowed proceeds of the 2007A Refunding Bonds is 4.30916 percent which is less than the Bond Yield as defined in section 12 below.

10. Swaps.

(a) The Commonwealth entered into swaps with respect to the 2003C Refunding Bonds effective upon their conversion to a new interest rate mode on July 1, 2008 (the "2003C Swaps"). The 2003C Swaps related to the Refunded 2003 C-5 Bonds and Refunded 2003 C-6 Bonds are being terminated in connection with their redemption. The 2003C Swaps were not qualified hedges and thus the Swap Termination Payments are not treated as payments on the Bonds under Treasury Regulation §§1.148-4(h)(3)(iv)(D) and (E).

(b) The Commonwealth entered into swaps with respect to the 2007A Bonds (the "2007A Swaps") in connection with their issuance. The 2007A Swaps were qualified hedges. The 2007A Swaps related to the Refunded 2007 A-2 Bonds and Refunded 2007 A-3 Bonds are being terminated in connection with their redemption. The amount of the related Swap Termination Payments (to the extent of any on-market payment in the case of re-identified 2007A Swaps) may be treated as payments on the Bonds under Treasury Regulation §§1.148-4(h)(3)(iv)(D) and (E). The calculation of Bond Yield in section 12 below has not taken into account Swap Termination Payments related to the Refunded 2007 A-2 Bonds and Refunded 2007 A-3 Bonds.

11. **Payment of the Bonds.**

(a) Pursuant to Act No. 39, approved May 13, 1976, the Secretary of the Treasury is required to transfer on or before the last day of each month from available funds of the Commonwealth to the Redemption Fund an amount equal to (i) one-sixth of the interest to be paid during the next six months and (ii) one-twelfth of the principal to be paid or required to be amortized during the next 12 months on all bonds and notes of the Commonwealth secured by the full faith and credit of the Commonwealth.

(b) All amounts deposited in the portion of the Redemption Fund allocable to the Bonds (the "Bond Portion of the Redemption Fund") will be used within 13 months of the date of deposit and any amounts received from the investment of such amounts will be used within one year from the date of receipt to pay debt service on or redeem the Bonds. The Bond Portion of the Redemption Fund will be used primarily to achieve a proper matching of revenue and debt service on the Bonds within each Bond year. Amounts deposited to such Fund will be depleted at least once a year except for a reasonable carry over amount not to exceed the greater of (A) one year's earnings on such Fund for the immediately preceding bond year or (B) one-twelfth of annual debt service on the Bonds for the immediately preceding bond year.

(c) Other than the Bond Portion of the Redemption Fund, there are no funds or accounts established, or expected to be established, under the Resolution or otherwise that are reasonably expected to pay, or secure the payment of debt service on the Bonds.

12. **Bond Yield.** The yield of the Bonds (determined as the semiannual discount rate at which the present value of payments of principal and interest equals the issue price of the Bonds) is 8.731595 percent (the "Bond Yield"). The issue price of the Bonds is \$3,255,000,000, representing the \$3,500,000,000 par amount of the Bonds, less original issue discount of

\$245,000,000.00. For purposes of calculating Bond Yield, the Bonds are being treated as amortized for their present value since their stated redemption price at maturity exceeds their issue price by more than .25 percent of their stated redemption price at maturity multiplied by their weighted average maturity.

13. **Temporary Periods.**

(a) As described in section 6 above, the Commonwealth reasonably expects that the proceeds of the Operating Line of Credit used for Restricted Working Capital Expenditures and the Net Proceeds to be used to repay the Operating Line of Credit will be treated as spent during the current fiscal year 2014 and therefore may be invested without regard to yield restriction for 13 months under Treasury Regulation §1.148-2(e)(3)(i).

(b) The Commonwealth reasonably expects that (i) it will enter into binding obligations to spend at least 5 percent of the “net sale proceeds” of the new money portion of the Bonds towards costs of the Projects within six months from today; (ii) the acquisition and construction of the Projects and the allocation of such net sale proceeds to costs of the Projects will proceed with due diligence; and (iii) at least 85 percent of such net sale proceeds will be spent to pay costs of the Projects within three years from today. In the event any Net Proceeds remain unspent after three years, the Commonwealth will make any necessary yield reduction payments under Treasury Regulation §1.148-5(c). Therefore, therefore Net Proceeds to be used for the Projects may be invested without regard to yield restriction for three years under Treasury Regulation §1.148-2(e)(2)(i).

(c) The Refunded 2003 C-5 Bonds, Refunded 2003 C-6 Bonds, Refunded 2007 A-2 Bonds and Refunded 2007 A-3 Bonds will be redeemed within 90 days and therefore the Net Proceeds to be used to pay the Refunded 2003 C-5 Bonds, Refunded 2003 C-6 Bonds,

Refunded 2007 A-2 Bonds and Refunded 2007 A-3 Bonds may be invested without regard to yield restriction under Treasury Regulation §1.148-9(d)(2)(ii)(A).

14. **Arbitrage Rebate.** The Commonwealth hereby agrees to comply with the arbitrage rebate covenants attached as Exhibit G to this Certificate as to amounts which are not excepted from the arbitrage rebate requirements by the Treasury Regulations.

15. **Other Tax Representations.**

(a) The Commonwealth reasonably expects that the Bonds will meet neither the private business tests of section 141(b) of the Code, nor the private loan financing test of section 141(c) of the Code for the entire term of the Bonds.

(b) The payment of principal and interest with respect to the Bonds will not be guaranteed (in whole or in part) by the United States or any agency or instrumentality of the United States. The proceeds of the Bonds, or amounts treated as proceeds of the Bonds, will not be invested (directly or indirectly) in federally insured deposits or accounts, except to the extent such proceeds (i) may be so invested for an initial temporary period until needed for the purpose for which the Bonds are being issued, (ii) may be so used in making investments of a bona fide debt service fund, or (iii) may be invested in obligations issued by the United States Treasury.

(c) The Bonds are not “hedge bonds” within the meaning of section 149(g) of the Code and Treasury Regulation §1.149(g)-1 because, on the dates of issuance of the Bonds and the new money bonds refunded (directly or in a series of refundings) by the Bonds, the Commonwealth reasonably expected that at least 85% of the spendable proceeds of the Bonds and such refunded bonds would be used to carry out their governmental purposes within the three-year periods beginning on the dates of issuance of the Bonds and such refunded bonds and not more than 50 percent of the proceeds of the Bonds and such refunded bonds were invested in

nonpurpose investments having a substantially guaranteed yield for four years or more.

To the best of my knowledge and belief, the expectations stated in this Certificate are reasonable. The undersigned has relied upon representations of the Commonwealth's bond counsel as to all matters related to the requirements of the federal tax laws pertaining to municipal bonds.

WITNESS my hand this 17th day of March, 2014.



Secretary of the Treasury
Commonwealth of Puerto Rico

EXHIBIT A

FY 2013 Cash Flow and FY2014 Cash Flow Projection

(in thousands)	2013 ⁽¹³⁾
Revenues:	
Income Taxes:	
Individuals	\$2,079,285
Corporations	1,286,506
Partnerships	756
Withheld from non-residents	982,896
Tollgate taxes	8,903
Interest	5,425
Dividends	34,064
Total income taxes	4,397,835
Sales and use tax	552,778
Commonwealth excise taxes:	
Alcoholic beverages	282,335
Foreign (Act 154)	1,677,291
Cigarettes	185,309
Motor vehicles	410,831
Other excise taxes	71,534
Total Commonwealth excise taxes	2,627,300
Property taxes	34,035
Inheritance and gift taxes	1,834
Licenses	80,835
Other:	
Traditional lottery	24,322
Electronic lottery	38,876
Miscellaneous non-tax revenues	498,541
Total Other	678,443
Total revenues from internal sources	8,256,356
Revenues from non-Commonwealth sources:	
Federal excise taxes ⁽¹⁾	245,879
Customs	0
Total revenues from non-Commonwealth sources	245,879
Total revenues	\$ 8,502,235
Other Sources	
Other Income (refunds) ⁽²⁾	-208,000
(Transfer) Refunding to Redemption Fund ⁽³⁾⁽¹¹⁾	-748,000
Proceeds of notes and other borrowings ⁽⁴⁾⁽⁶⁾⁽¹³⁾	2,476,251
Repayment of notes and other borrowings ⁽⁵⁾⁽¹⁰⁾	-1,440,638
Receipt of COFINA Bond Proceeds ⁽⁹⁾	410,979
Total Resources	8,992,827
Expenditures:	
Grants and subsidies	3,896,307
Personal services	4,185,838
Other services	830,403
Materials and supplies	78,164
Equipment purchases	45,482
Capital outlays and other debt service	65,507
Prior year disbursements	0
Total expenditures	9,101,701
Total resources less expenditures	

(1) Excludes transfers to the Conservation Trust Fund and amounts deposited into a separate account for the promotion of Puerto Rico rums in foreign markets.

(2) Consists of transfers of rental payments to PRA, net revenues from the General Fund's non-budgetary funds plus a reserve for future tax refunds reduced by estimated tax refunds.

(3) Consists of amounts to pay principal of, and interest on, general obligation bonds and notes of the Commonwealth. Does not include amounts deposited directly into the Redemption Fund from non-General Fund revenues.

(4) Consists of proceeds of borrowings from GDB and a syndicate of commercial banks, and proceeds from Commonwealth's Tax and Revenue Anticipation Notes.

(5) Consists of repayments of borrowings from GDB and a syndicate of commercial banks, and repayments of Commonwealth's Tax and Revenue Anticipation Notes.

(6) Includes proceeds of \$432.6 million generated by the issuance of the Commonwealth's Public Improvement Refunding Bonds, Series 2011 A, 2011 B and 2012 A, which were privately placed.

(7) Includes approximately \$233 million for payment of Public Improvement Refunding Bonds Series 2011 C and 2011 D paid with transfers from COFINA.

(9) Represents the COFINA bond proceeds deposited in the Stabilization Fund.

(10) Includes payment of refunded bonds of \$394.5 million.

(11) Does not include amounts deposited directly into the Redemption Fund from non-General Fund revenues.

(12) Includes \$240 million transferred from the Redemption Fund to the General Fund, for excess of derivative instruments collaterals not required in accordance with the derivative instruments agreements

(13) Preliminary, unaudited and subject to change.

Commonwealth of Puerto Rico
Actual and Projected Revenue and Expenses - General Fund Only
Prepared under cash basis accounting method
Fiscal Year 2013-2014
(in thousands)
Privileged and Confidential

	July	August	September	October	November	December	January	February	March	April	May	June	Total
Beginning Cash Balance ⁽¹⁾	\$ (20,756)	\$ 34,059	\$ 150,581	\$ 378,801	\$ 527,540	\$ 409,318	\$ 495,635	\$ 521,721	\$ 482,576	\$ 420,383	\$ 810,634	\$ 278,677	\$ (20,756)
Receipts:													
Income taxes	256,976	197,707	448,443	570,678	228,553	557,721	320,647	284,209	384,831	1,202,323	308,709	704,143	3,464,940
Property Tax	4,063	1,805	1,175	1,392	882	776	1,240	1,445	988	988	988	988	16,720
Commonwealth excise taxes	188,879	227,573	219,617	245,917	205,518	263,444	223,753	251,336	271,666	285,114	275,339	287,956	2,939,926
Inheritance and gift taxes	614	44	-	80	-	54	13	106	320	320	320	324	2,479
Sales and use tax	-	-	-	-	-	-	79,044	99,174	96,991	109,027	109,837	117,413	610,506
Licenses	1,237	1,536	1,966	1,517	327	1,107	2,509	1,996	1,832	906	1,020	1,015	16,198
Other internal sources	14,056	12,702	38,567	11,927	23,264	76,545	23,549	14,647	28,609	16,419	20,265	60,988	341,338
Non-Commonwealth sources	29,176	31,522	27,515	29,963	14,437	25,643	15,803	17,578	9,596	8,077	8,824	10,807	228,941
Finance Resources ⁽²⁾	-	-	-	-	75,000	-	17,500	-	-	-	-	-	92,500
Total Revenue	493,001	472,710	731,103	861,484	548,023	925,334	684,064	669,894	794,833	1,633,174	734,322	1,183,614	9,713,548
Other Financing Sources (uses):													
Other transfers (15)	(134,866)	(95,775)	36,620	35,738	71,845	61,138	60,135	64,096	(1,000)	9,000	9,000	9,000	143,931
Transfer to Redemption Fund ⁽¹⁶⁾	(61,436)	(61,436)	(61,436)	(61,436)	(61,436)	(61,436)	(61,436)	(61,436)	(61,436)	(61,436)	(61,436)	(61,436)	(737,237)
Refunds from ODB Note Payables ⁽¹⁷⁾	47,917	47,917	47,917	47,917	47,917	47,917	47,917	47,917	47,917	47,917	47,917	47,917	575,000
Payments of short term notes	-	-	-	(98,000) ⁽¹⁸⁾	-	-	-	-	-	-	-	-	(98,000)
Payments of Swaps Collateral (Actual) ⁽¹⁷⁾	-	-	-	-	-	-	-	-	-	-	-	-	-
Rescues from ODB and Private Banks/TRANS ⁽¹⁹⁾	450,000	450,000	350,000 ⁽²⁰⁾	175,000 ⁽²¹⁾	75,000 ⁽²²⁾	350,000 ⁽²³⁾	275,000 ⁽²⁴⁾	73,837 ⁽²⁵⁾	-	-	-	-	2,198,837
Payments to ODB and Private Banks/TRANS ⁽²⁶⁾	-	-	(200,000) ⁽²⁷⁾	(150,000) ⁽²⁸⁾	(125,000) ⁽²⁹⁾	(300,000) ⁽³⁰⁾	(250,000) ⁽³¹⁾	(50,000) ⁽³²⁾	(23,837)	(366,663)	(366,663)	(366,674)	(2,198,837)
Total other financing resources (uses)	301,614	340,705	173,100	(30,782)	9,335	97,618	71,615	50,576	(38,356)	(371,183)	(371,183)	(371,194)	(114,300)
Total Revenue and other financing resources	794,615	813,415	904,203	830,702	557,358	1,022,952	755,679	720,470	756,477	1,262,091	363,139	812,420	9,599,248
Expenditures:													
Grants and subsidies	308,845	304,355	286,318	304,471	287,234	411,357	377,943	330,679	329,025	322,385	316,227	343,475	3,923,313
Personal services	294,375	283,754	286,540	295,711	275,812	423,338 ⁽³³⁾	256,800	281,426	329,044 ⁽³⁴⁾	286,951	286,951	285,153	3,602,875
Other services	105,105	71,345	85,859	69,662	75,678	81,560	78,672	100,996	131,807	127,275	140,460	179,482	1,245,840
Materials and supplies	4,614	4,828	3,835	4,993	20,655	6,787	2,069	12,858	16,481	12,173	16,840	21,626	137,782
Equipment purchases	1,636	3,745	3,035	1,464	1,570	1,548	741	820	4,647	6,469	4,320	9,401	39,416
Other debt service and capital outlay	27,526	22,867	9,395	14,623	14,623	12,014	13,289	15,898	6,863	106,278	120,288	135,072	498,536
Total disbursements	761,890	696,894	675,983	681,894	675,572	936,625	729,593	759,618	818,669	861,750	885,086	974,210	9,437,762 ⁽³⁵⁾
Total available cash less transfers and disbursements	54,815	116,522	228,220	148,808	(18,222)	86,318	26,086	(39,146)	(62,191)	390,241	(531,947)	(161,790)	161,480
Ending Cash Balance ⁽³⁶⁾	\$ 34,059	\$ 150,581	\$ 378,801	\$ 527,540	\$ 409,318	\$ 495,635	\$ 521,721	\$ 482,576	\$ 420,383	\$ 810,634	\$ 278,677	\$ 114,887	\$ 140,724

Footnotes:

- (1) Preliminary numbers, based on amount recorded in the accounting system as of the date of this report. Unaudited, preliminary and subject to change.
(2) Projected amounts. Unaudited, preliminary and subject to change.
(3) The Commonwealth Legislature approved \$245,000 of financing resources for FY 2013-2014 budget. Such amount will be used to cover the deficiency between budgeted expenses and the General Fund Revenue.
(4) Actual payments to revolving loan (TRANS) with ODB. The maximum principal of the revolving loan does not exceed the \$300,000 approved by ODB.
(5) Includes \$125,000 in September, \$100,000 in October, \$330,000 in December, \$275,000 in January and \$3,837 in February, from the revolving loan (TRANS) with ODB. The aggregate principal of the revolving loan.
(6) Consists of proceeds of the Commonwealth Tax Anticipation Revenue Notes, provided by ODB and private banks.
(7) Consists of repayments (principal only) of the Commonwealth Tax Anticipation Revenue Notes, provided by ODB and private banks.
(8) Consists of amounts to pay principal and interest on general obligation bonds of the Commonwealth. Does not include amounts directly transferred to the Redemption Fund from non-General Fund revenues. (Excludes the annual special tax of 1.03% of the all real and personal property, transferred from the Municipal Revenue Collection Center (CRMC) for General Obligation Debt Service Payment)
(9) Consist of principal and interest only line of credit issued by ODB, for monthly debt service payments. (Debt Restructuring)
(10) Includes the portion of the estimated Christmas bonus payment paid on December 6, 2013.
(11) Includes the portion of the liquidation of the excess of sick leave to the employees. Amount is normally paid on March.
(12) Unaudited, preliminary and subject to change.
(13) Repayment of short term line of credit with ODB, issued on June 2013, to cover FY 2012-13 operational expense.
(14) Excludes \$162.2 million approved on budget for the repayment of General Obligation Bonds, which were included as transfers to the redemption fund.
(15) Other transfer consist of net revenues from the General Fund's non-budgetary funds plus a reserve for future tax refunds reduced by estimated tax refunds
(16) Includes the effect of the proposed legislation to decrease the budgeted expenses for approximately \$170 Mtd.
(17) Actual payment of Interest Swaps collateral to counterparties.
Actual preliminary information prepared under a cash accounting basis, expenses recorded when they are recorded not when they are incurred.
Projected data is prepared under a budgetary basis.

EXHIBIT B

Schedule of 7/1/13 principal funded by FY 2013 Commonwealth Principal Line of Credit

Series	<u>Amounts Included in FY 2013 Principal Line</u>	
	Total Funded	Advance Refundable Percentage
PIB Series 1995	12,155,000	100%
PIB Series 1996	11,915,000	100%
PIB Series 1997	13,390,000	52.449010%
PIRB Series 1998	36,210,000	0.0%
PIB Series 1998	15,665,000	100%
PIB Series 1999	14,180,000	80.170428%
PIRB Series 2002	68,970,000	0.0%
PIRB Series 2002A	39,485,000	33.6155%
PIB Series 2003A	11,895,000	100%
PIRB Series 2003	21,985,000	0.0%
PIRB Series 2003A	12,330,000	0.0%
PIB Series 2004A	10,530,000	100%
PIRB Series 2006A	3,210,000	0.0%
PIRB Series 2007A	7,645,000	30.9838%
PIRB Series 2008A	36,610,000	0.0%
PIB Series 2008A	4,455,000	100%
PIRB Series 2011D	470,000	0.0%
Total	321,100,000	

EXHIBIT C

Schedule of 7/1/13 principal funded by FY 2013 PBA Principal Line of Credit

Series	<u>Amounts Included in FY 2013 Principal Line</u>	
	Total Funded	Advance Refundable Percentage*
Series C	10,995,000	65.8%
Series F	3,110,000	0.0%
Series G	1,540,000	100%
Series H	35,560,000	0.0%
Series M	16,235,000	54.0%
Series N	3,670,000	54.0%
Total	71,110,000	

*to be confirmed by refunding bond counsel

EXHIBIT D

Schedule of 7/1/14 advance refundable principal funded by FY 2013 and FY 2014
Commonwealth Principal Lines of Credit and deposits to the Redemption Fund

Series	Total 7/1/14 Principal	Advance Refundable Percentage	Principal Funded
PIB Series 1995	12,915,000	100%	12,915,000
PIB Series 1996	12,690,000	100%	12,690,000
PIB Series 1997	14,260,000	52.449010%	7,475,000
PIRB Series 1998	38,240,000	0.0%	0
PIB Series 1998	16,605,000	100%	16,605,000
PIB Series 1999	14,925,000	80.170428%	11,960,000
PIB Series 2001A	5,865,000	61.4518%	3,600,000
PIRB Series 2002	27,150,000	0.0%	0
PIRB Series 2002A	62,295,000	33.6155%	20,930,000
PIRB Series 2003A	13,010,000	0.0%	0
PIB Series 2005A	8,560,000	100%	8,560,000
PIRB Series 2006A	3,370,000	0.0%	0
PIRB Series 2007A	20,885,000	30.9838%	6,470,000
PIRB Series 2008A	63,470,000	0.0%	0
PIB Series 2008A	4,700,000	100%	4,700,000
PIRB Series 2011D	485,000	0.0%	0
Total	319,425,000		105,905,000

EXHIBIT E

Final Numbers

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Commonwealth of Puerto Rico
General Obligation Bonds of 2014, Series A

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SOURCES AND USES OF FUNDS

Commonwealth of Puerto Rico
General Obligation Bonds of 2014, Series A

Sources:	FY2013 Restructuring - Tax Exempt	FY2014 Restructuring - Tax Exempt	FY2014 Working Capital	FY2012 New Money	Refunding of COFINA BAN	FY2013 PBA Restructuring
Bond Proceeds:						
Par Amount	783,000,000.00	632,000,000.00	115,200,000.00	306,200,000.00	419,300,000.00	229,400,000.00
Original Issue Discount	-54,810,000.00	-44,240,000.00	-8,064,000.00	-21,434,000.00	-29,351,000.00	-16,058,000.00
	728,190,000.00	587,760,000.00	107,136,000.00	284,766,000.00	389,949,000.00	213,342,000.00
Uses:	FY2013 Restructuring - Tax Exempt	FY2014 Restructuring - Tax Exempt	FY2014 Working Capital	FY2012 New Money	Refunding of COFINA BAN	FY2013 PBA Restructuring
Project Fund Deposits:						
Repayment of GDB Principal	537,036,841.00	525,243,629.00	92,500,000.00	228,848,255.89		174,762,602.00
Repayment of GDB Interest	41,721,073.33	3,522,178.22	1,580,000.00	6,099,078.79		12,475,171.05
Repayment of GDB Fee	416,677.00	401,042.00				87,033.82
Redemption of COFINA BANs					342,365,760.00	
	579,174,591.33	529,166,849.22	94,080,000.00	234,947,334.68	342,365,760.00	187,324,806.87
Refunding Escrow Deposits:						
Cash Deposit						
Other Fund Deposits:						
Interest Payable in FY2014-FY2016	140,736,000.00	52,026,741.06	11,878,400.00	46,572,622.22	43,234,488.89	23,653,688.89
Delivery Date Expenses:						
Cost of Issuance	1,944,316.53	1,569,358.94	286,060.36	760,344.46	1,041,190.19	569,637.56
Underwriter's Discount	6,293,185.94	5,079,557.47	925,894.02	2,461,013.43	3,370,029.19	1,843,750.78
Swap Termination Payments	8,237,502.47	6,648,916.41	1,211,954.38	3,221,357.89	4,411,219.38	2,413,388.34
Other Uses of Funds:						
Additional Proceeds	41,906.20	-82,506.69	-34,354.38	24,685.21	-62,468.27	-49,884.10
	728,190,000.00	587,760,000.00	107,136,000.00	284,766,000.00	389,949,000.00	213,342,000.00

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SOURCES AND USES OF FUNDS

Commonwealth of Puerto Rico
General Obligation Bonds of 2014, Series A

Sources:	Refunding of Series 2007A2&3	Refunding of Series 2003C-5	Refunding of Series 2003C-6	Repayment of Working Capital Loans	Total
Bond Proceeds:					
Par Amount	66,500,000.00	333,600,000.00	282,300,000.00	332,500,000.00	3,500,000,000.00
Original Issue Discount	-4,655,000.00	-23,352,000.00	-19,761,000.00	-23,275,000.00	-245,000,000.00
	61,845,000.00	310,248,000.00	262,539,000.00	309,225,000.00	3,255,000,000.00
Uses:	Refunding of Series 2007A2&3	Refunding of Series 2003C-5	Refunding of Series 2003C-6	Repayment of Working Capital Loans	Total
Project Fund Deposits:					
Repayment of GDB Principal				252,929,115.27	1,811,320,443.16
Repayment of GDB Interest				18,449,499.06	83,847,000.45
Repayment of GDB Fee					904,752.82
Redemption of COFINA BANs					342,365,760.00
				271,378,614.33	2,238,437,956.43
Refunding Escrow Deposits:					
Cash Deposit	30,176,021.23	237,720,492.07	198,677,491.87		466,574,005.17
Other Fund Deposits:					
Interest Payable in FY2014-FY2016	6,856,888.89	34,397,866.67	29,108,266.67	34,284,444.44	422,749,407.73
Delivery Date Expenses:					
Cost of Issuance	165,130.33	828,383.13	700,996.88	825,651.62	8,691,070.00
Underwriter's Discount	534,478.76	2,681,234.78	2,268,922.58	2,672,393.72	28,130,460.67
Swap Termination Payments	24,016,850.00	34,585,750.00	31,814,500.00		90,417,100.00
	24,716,459.09	38,095,367.91	34,784,419.46	3,498,045.34	127,238,630.67
Other Uses of Funds:					
Additional Proceeds	95,630.79	34,273.35	-31,178.00	63,895.89	
	61,845,000.00	310,248,000.00	262,539,000.00	309,225,000.00	3,255,000,000.00

BOND PRICING

Commonwealth of Puerto Rico
General Obligation Bonds of 2014, Series A

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Term Maturing in 2035:					
	07/01/2021	15,900,000	8.000%	8.727%	93.000
	07/01/2022	74,000,000	8.000%	8.727%	93.000
	07/01/2023	158,200,000	8.000%	8.727%	93.000
	07/01/2024	176,200,000	8.000%	8.727%	93.000
	07/01/2025	137,900,000	8.000%	8.727%	93.000
	07/01/2026	88,900,000	8.000%	8.727%	93.000
	07/01/2027	177,200,000	8.000%	8.727%	93.000
	07/01/2028	188,100,000	8.000%	8.727%	93.000
	07/01/2029	245,900,000	8.000%	8.727%	93.000
	07/01/2030	263,700,000	8.000%	8.727%	93.000
	07/01/2031	299,200,000	8.000%	8.727%	93.000
	07/01/2032	427,400,000	8.000%	8.727%	93.000
	07/01/2033	360,000,000	8.000%	8.727%	93.000
	07/01/2034	458,700,000	8.000%	8.727%	93.000
	07/01/2035	428,700,000	8.000%	8.727%	93.000
		3,500,000,000			

Dated Date	03/17/2014	
Delivery Date	03/17/2014	
First Coupon	07/01/2014	
Par Amount	3,500,000,000.00	
Original Issue Discount	-245,000,000.00	
Production	3,255,000,000.00	93.000000%
Underwriter's Discount	-28,130,460.67	-0.803727%
Purchase Price	3,226,869,539.33	92.196273%
Accrued Interest		
Net Proceeds	3,226,869,539.33	

BOND DEBT SERVICE

Commonwealth of Puerto Rico
General Obligation Bonds of 2014, Series A

Period Ending	Principal	Coupon	Interest	Debt Service
07/01/2014			80,888,888.89	80,888,888.89
07/01/2015			280,000,000.00	280,000,000.00
07/01/2016			280,000,000.00	280,000,000.00
07/01/2017			280,000,000.00	280,000,000.00
07/01/2018			280,000,000.00	280,000,000.00
07/01/2019			280,000,000.00	280,000,000.00
07/01/2020			280,000,000.00	280,000,000.00
07/01/2021	15,900,000	8.000%	280,000,000.00	295,900,000.00
07/01/2022	74,000,000	8.000%	278,728,000.00	352,728,000.00
07/01/2023	158,200,000	8.000%	272,808,000.00	431,008,000.00
07/01/2024	176,200,000	8.000%	260,152,000.00	436,352,000.00
07/01/2025	137,900,000	8.000%	246,056,000.00	383,956,000.00
07/01/2026	88,900,000	8.000%	235,024,000.00	323,924,000.00
07/01/2027	177,200,000	8.000%	227,912,000.00	405,112,000.00
07/01/2028	188,100,000	8.000%	213,736,000.00	401,836,000.00
07/01/2029	245,900,000	8.000%	198,688,000.00	444,588,000.00
07/01/2030	263,700,000	8.000%	179,016,000.00	442,716,000.00
07/01/2031	299,200,000	8.000%	157,920,000.00	457,120,000.00
07/01/2032	427,400,000	8.000%	133,984,000.00	561,384,000.00
07/01/2033	360,000,000	8.000%	99,792,000.00	459,792,000.00
07/01/2034	458,700,000	8.000%	70,992,000.00	529,692,000.00
07/01/2035	428,700,000	8.000%	34,296,000.00	462,996,000.00
	3,500,000,000		4,649,992,888.89	8,149,992,888.89

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NET DEBT SERVICE

Commonwealth of Puerto Rico
General Obligation Bonds of 2014, Series A

Period Ending	Total Debt Service	Interest Payable in FY2014-FY2016	Net Debt Service
07/01/2014	80,888,888.89	77,943,832.77	2,945,056.12
07/01/2015	280,000,000.00	269,805,574.96	10,194,425.04
07/01/2016	280,000,000.00	75,000,000.00	205,000,000.00
07/01/2017	280,000,000.00		280,000,000.00
07/01/2018	280,000,000.00		280,000,000.00
07/01/2019	280,000,000.00		280,000,000.00
07/01/2020	280,000,000.00		280,000,000.00
07/01/2021	295,900,000.00		295,900,000.00
07/01/2022	352,728,000.00		352,728,000.00
07/01/2023	431,008,000.00		431,008,000.00
07/01/2024	436,352,000.00		436,352,000.00
07/01/2025	383,956,000.00		383,956,000.00
07/01/2026	323,924,000.00		323,924,000.00
07/01/2027	405,112,000.00		405,112,000.00
07/01/2028	401,836,000.00		401,836,000.00
07/01/2029	444,588,000.00		444,588,000.00
07/01/2030	442,716,000.00		442,716,000.00
07/01/2031	457,120,000.00		457,120,000.00
07/01/2032	561,384,000.00		561,384,000.00
07/01/2033	459,792,000.00		459,792,000.00
07/01/2034	529,692,000.00		529,692,000.00
07/01/2035	462,996,000.00		462,996,000.00
	8,149,992,888.89	422,749,407.73	7,727,243,481.16

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CAPITALIZED INTEREST FUND

Commonwealth of Puerto Rico
General Obligation Bonds of 2014, Series A

Date	Deposit	Interest	Principal	Scheduled Draws	Balance
03/17/2014	422,749,407.73				422,749,407.73
07/01/2014			77,943,832.77	77,943,832.77	344,805,574.96
01/01/2015			134,902,787.48	134,902,787.48	209,902,787.48
07/01/2015			134,902,787.48	134,902,787.48	75,000,000.00
01/01/2016			37,500,000.00	37,500,000.00	37,500,000.00
07/01/2016			37,500,000.00	37,500,000.00	
	422,749,407.73	0	422,749,407.73	422,749,407.73	

Arbitrage Yield: 8.7315948%
Value of Negative Arbitrage: 36,746,255.74

BOND SUMMARY STATISTICS

Commonwealth of Puerto Rico
General Obligation Bonds of 2014, Series A

Dated Date	03/17/2014
Delivery Date	03/17/2014
Last Maturity	07/01/2035
Arbitrage Yield	8.731595%
True Interest Cost (TIC)	8.929770%
Net Interest Cost (NIC)	8.469903%
All-In TIC	8.961209%
Average Coupon	8.000000%
Average Life (years)	16.607
Duration of Issue (years)	8.968
Par Amount	3,500,000,000.00
Bond Proceeds	3,255,000,000.00
Total Interest	4,649,992,888.89
Net Interest	4,923,123,349.56
Total Debt Service	8,149,992,888.89
Maximum Annual Debt Service	561,384,000.00
Average Annual Debt Service	382,828,475.99
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	8.037274
Total Underwriter's Discount	8.037274
Bid Price	92.196273

Bond Component	Par Value	Price	Average Coupon	Average Life
Term Maturing in 2035	3,500,000,000.00	93.000	8.000%	16.607
	3,500,000,000.00			16.607

	TIC	All-In TIC	Arbitrage Yield
Par Value	3,500,000,000.00	3,500,000,000.00	3,500,000,000.00
+ Accrued Interest			
+ Premium (Discount)	-245,000,000.00	-245,000,000.00	-245,000,000.00
- Underwriter's Discount	-28,130,460.67	-28,130,460.67	
- Cost of Issuance Expense		-8,691,070.00	
- Other Amounts			
Target Value	3,226,869,539.33	3,218,178,469.33	3,255,000,000.00
Target Date	03/17/2014	03/17/2014	03/17/2014
Yield	8.929770%	8.961209%	8.731595%

SUMMARY OF BONDS REFUNDED

Commonwealth of Puerto Rico
General Obligation Bonds of 2014, Series A

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
2003C5 Public Improvement Refunding Bonds, 2003C5_R:					
2003C51	07/01/2021	3.766%	44,905,000.00	03/17/2014	100.000
2003C52	07/01/2019	3.766%	92,560,000.00	04/10/2014	100.000
	07/01/2020	3.766%	96,150,000.00	04/10/2014	100.000
			233,615,000.00		
2003C PIRB (SIFMA Floaters), 2003C6_R:					
2003C6	07/01/2021	3.682%	40,370,000.00	03/17/2014	100.000
	07/01/2022	3.682%	66,500,000.00	03/17/2014	100.000
	07/01/2023	3.682%	48,290,000.00	03/17/2014	100.000
	07/01/2024	3.682%	42,225,000.00	03/17/2014	100.000
			197,385,000.00		
2007A Public Improvement Refunding Bonds - NAR, 2007A_RN:					
2007A2	07/01/2023	3.518%	2,685,000.00	04/10/2014	100.000
	07/01/2024	3.518%	2,195,000.00	04/10/2014	100.000
	07/01/2025	3.518%	745,000.00	04/10/2014	100.000
	07/01/2026	3.518%	780,000.00	04/10/2014	100.000
	07/01/2027	3.518%	2,275,000.00	04/10/2014	100.000
	07/01/2028	3.518%	3,060,000.00	04/10/2014	100.000
	07/01/2029	3.518%	3,175,000.00	04/10/2014	100.000
2007A3	07/01/2023	3.518%	2,690,000.00	03/17/2014	100.000
	07/01/2024	3.518%	2,195,000.00	03/17/2014	100.000
	07/01/2025	3.518%	745,000.00	03/17/2014	100.000
	07/01/2026	3.518%	775,000.00	03/17/2014	100.000
	07/01/2027	3.518%	2,285,000.00	03/17/2014	100.000
	07/01/2028	3.518%	3,055,000.00	03/17/2014	100.000
	07/01/2029	3.518%	3,180,000.00	03/17/2014	100.000
			29,840,000.00		
			460,840,000.00		

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ESCROW REQUIREMENTS

Commonwealth of Puerto Rico
General Obligation Bonds of 2014, Series A

Period Ending	Interest	Principal Redeemed	Other Requirements	Total
03/17/2014	3,901,859.27	257,215,000.00	1,832,145.90	262,949,005.17
04/10/2014		203,625,000.00		203,625,000.00
	3,901,859.27	460,840,000.00	1,832,145.90	466,574,005.17

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UNIVERSAL BOND SOLUTION

Commonwealth of Puerto Rico
General Obligation Bonds of 2014, Series A
Universal Bond Solution Component

Period Ending	Proposed Principal	Proposed Debt Service	Debt Service Adjustments	Existing Debt Service	Total Adj Debt Service	Revenue Constraints	Unused Revenues	Debt Serv Coverage
07/01/2014		80,888,889	-77,943,833	840,321,500	843,266,556	1,246,064,550	402,797,994	147.76639%
07/01/2015		280,000,000	-269,805,575	883,689,546	893,883,971	1,246,064,550	352,180,579	139.39891%
07/01/2016		280,000,000	-75,000,000	957,204,680	1,162,204,680	1,246,064,550	83,859,870	107.21559%
07/01/2017		280,000,000		882,584,370	1,162,584,370	1,246,064,550	83,480,180	107.18057%
07/01/2018		280,000,000		820,170,681	1,100,170,681	1,246,064,550	145,893,869	113.26102%
07/01/2019		280,000,000		842,068,184	1,122,068,184	1,246,064,550	123,996,366	111.05070%
07/01/2020		280,000,000		866,963,825	1,146,963,825	1,246,064,550	99,100,725	108.64027%
07/01/2021	15,900,000	295,900,000		720,594,484	1,016,494,484	1,246,064,550	229,570,066	122.58449%
07/01/2022	74,000,000	352,728,000		663,676,916	1,016,404,916	1,246,064,550	229,659,634	122.59529%
07/01/2023	158,200,000	431,008,000		585,429,759	1,016,437,759	1,246,064,550	229,626,791	122.59133%
07/01/2024	176,200,000	436,352,000		580,120,816	1,016,472,816	1,246,064,550	229,591,734	122.58710%
07/01/2025	137,900,000	383,956,000		632,544,395	1,016,500,395	1,246,064,550	229,564,155	122.58377%
07/01/2026	88,900,000	323,924,000		692,482,801	1,016,406,801	1,246,064,550	229,657,749	122.59506%
07/01/2027	177,200,000	405,112,000		611,333,505	1,016,445,505	1,246,064,550	229,619,045	122.59039%
07/01/2028	188,100,000	401,836,000		614,557,150	1,016,393,150	1,246,064,550	229,671,400	122.59671%
07/01/2029	245,900,000	444,588,000		571,897,736	1,016,485,736	1,246,064,550	229,578,814	122.58554%
07/01/2030	263,700,000	442,716,000		573,747,511	1,016,463,511	1,246,064,550	229,601,039	122.58822%
07/01/2031	299,200,000	457,120,000		559,384,380	1,016,504,380	1,246,064,550	229,560,170	122.58329%
07/01/2032	427,400,000	561,384,000		455,072,655	1,016,456,655	1,246,064,550	229,607,895	122.58905%
07/01/2033	360,000,000	459,792,000		556,630,011	1,016,422,011	1,246,064,550	229,642,539	122.59323%
07/01/2034	458,700,000	529,692,000		486,662,806	1,016,354,806	1,246,064,550	229,709,744	122.60133%
07/01/2035	428,700,000	462,996,000		553,368,513	1,016,364,513	1,246,064,550	229,700,038	122.60016%
	3,500,000,000	8,149,992,889	-422,749,408	14,950,506,226	22,677,749,707	27,413,420,100	4,735,670,393	

PROOF OF ARBITRAGE YIELD

Commonwealth of Puerto Rico
General Obligation Bonds of 2014, Series A

Date	Debt Service	Sinking Fund Adjustments	Total	Present Value to 03/17/2014 @ 8.7315948317%
07/01/2014	80,888,888.89		80,888,888.89	78,916,234.89
01/01/2015	140,000,000.00		140,000,000.00	130,872,177.03
07/01/2015	140,000,000.00		140,000,000.00	125,397,573.03
01/01/2016	140,000,000.00		140,000,000.00	120,151,980.95
07/01/2016	140,000,000.00		140,000,000.00	115,125,820.84
01/01/2017	140,000,000.00		140,000,000.00	110,309,913.49
07/01/2017	140,000,000.00		140,000,000.00	105,695,463.66
01/01/2018	140,000,000.00		140,000,000.00	101,274,044.07
07/01/2018	140,000,000.00		140,000,000.00	97,037,579.91
01/01/2019	140,000,000.00		140,000,000.00	92,978,334.20
07/01/2019	140,000,000.00		140,000,000.00	89,088,893.58
01/01/2020	140,000,000.00		140,000,000.00	85,362,154.83
07/01/2020	140,000,000.00		140,000,000.00	81,791,311.85
01/01/2021	140,000,000.00		140,000,000.00	78,369,843.26
07/01/2021	155,900,000.00	-929,548.81	154,970,451.19	83,121,169.35
01/01/2022	139,364,000.00		139,364,000.00	71,623,436.38
07/01/2022	213,364,000.00	-4,158,996.31	209,205,003.69	103,019,259.29
01/01/2023	136,404,000.00		136,404,000.00	64,359,885.93
07/01/2023	294,604,000.00	-8,501,907.83	286,102,092.17	129,345,402.79
01/01/2024	130,076,000.00		130,076,000.00	56,346,759.07
07/01/2024	306,276,000.00	-8,996,911.50	297,279,088.50	123,389,422.94
01/01/2025	123,028,000.00		123,028,000.00	48,928,211.46
07/01/2025	260,928,000.00	-6,638,628.44	254,289,371.56	96,900,359.77
01/01/2026	117,512,000.00		117,512,000.00	42,906,313.64
07/01/2026	206,412,000.00	-3,996,985.30	202,415,014.70	70,814,715.37
01/01/2027	113,956,000.00		113,956,000.00	38,199,685.77
07/01/2027	291,156,000.00	-7,353,140.39	283,802,859.61	91,155,140.59
01/01/2028	106,868,000.00		106,868,000.00	32,889,243.50
07/01/2028	294,968,000.00	-7,095,698.00	287,872,302.00	84,888,309.97
01/01/2029	99,344,000.00		99,344,000.00	28,069,291.68
07/01/2029	345,244,000.00	-8,265,456.87	336,978,543.13	91,229,199.39
01/01/2030	89,508,000.00		89,508,000.00	23,218,559.53
07/01/2030	353,208,000.00	-7,683,284.31	345,524,715.69	85,880,456.06
01/01/2031	78,960,000.00		78,960,000.00	18,804,602.94
07/01/2031	378,160,000.00	-7,258,718.69	370,901,281.31	84,636,396.79
01/01/2032	66,992,000.00		66,992,000.00	14,647,502.48
07/01/2032	494,392,000.00	-8,098,947.08	486,293,052.92	101,878,022.44
01/01/2033	49,896,000.00		49,896,000.00	10,015,899.92
07/01/2033	409,896,000.00	-4,739,179.40	405,156,820.60	77,927,223.68
01/01/2034	35,496,000.00		35,496,000.00	6,541,649.48
07/01/2034	494,196,000.00	-3,148,191.89	491,047,808.11	86,710,848.26
01/01/2035	17,148,000.00		17,148,000.00	2,901,382.17
07/01/2035	445,848,000.00		445,848,000.00	72,280,323.79
	8,149,992,888.89	-86,865,594.82	8,063,127,294.07	3,255,000,000.00

PROOF OF ARBITRAGE YIELD

Commonwealth of Puerto Rico
General Obligation Bonds of 2014, Series A

Proceeds Summary

Delivery date	03/17/2014
Par Value	3,500,000,000.00
Premium (Discount)	-245,000,000.00
	<hr/>
Target for yield calculation	3,255,000,000.00

Yields for Sinking Fund Adjustments

Term Bond Maturing	Yield
<hr/>	<hr/>
07/01/2035	8.7315948%
<hr/>	<hr/>

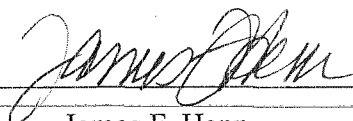
EXHIBIT F

I, the undersigned officer of Barclays Capital Inc., hereby certify that the underwriters made a bona fide public offering of all of the Bonds and initially offered all of the Bonds to the public at a price not in excess of the initial public offering price set forth in the Official Statement for the Bonds and, based on actual facts as of the sale date, reasonably expected to sell at least ten percent of the aggregate face amount of the Bonds to the public at the initial public offering price.

We understand that the Commonwealth of Puerto Rico (the "Commonwealth") and Greenberg Traurig, LLP will be relying on the representations contained in this certificate, in issuing the Bonds and in rendering Greenberg Traurig, LLP's opinion the interest on the Bonds is not includable in gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). The undersigned is certifying only as to facts in existence on the date hereof. Nothing herein represents the undersigned's interpretation of any laws; in particular the regulations under the Code, or the application of any laws to these facts.

Although certain information furnished in this certificate has been derived from other parties and has not been verified by us, we have no reason to believe it to be untrue in any material respect. No representation is made as to the legal sufficiency of this certificate for any purpose. Moreover, we are not accountants or actuaries, nor are we fiduciaries of or financial advisor to the Commonwealth, nor have we assumed the role of financial advisor or of any other similar fiduciary relationship to the Commonwealth. We assume no obligation to advise you of any changes that come to our attention subsequent to the date hereof.

DATED: March 17, 2014



James F. Henn
Managing Director

EXHIBIT G

ARBITRAGE REBATE COVENANTS

The Commonwealth of Puerto Rico (the "Commonwealth") hereby agrees to the following procedures in order to ensure that the \$3,500,000,000 Commonwealth of Puerto Rico General Obligation Bonds of 2014, Series A (the "Bonds") will comply with the Code and Regulations (as defined below) with respect to certain restrictions on arbitrage.

ARTICLE I Definitions

Section 101. Terms not otherwise defined in Section 102 hereof shall have the meanings given to them in the Arbitrage and Tax Certificate of the Commonwealth dated March 17, 2014 to which these covenants are attached.

Section 102. The following terms shall have the following meanings:

Bond Counsel's Opinion shall mean an opinion signed by an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal bonds selected by the Commonwealth.

Bond Year shall mean the one-year period beginning on the day after the expiration of the preceding Bond Year. The first Bond Year shall begin on the date of issue of the Bonds and shall end on the date selected by the Commonwealth, provided that such Bond Year shall not exceed one calendar year. The last Bond Year shall end on the date of retirement of the last Bond.

Bond Yield is 8.731595 percent. Bond Yield shall be recomputed if required by Regulations section 1.148-4(b)(4) or 4(h)(3). Bond Yield shall mean the discount rate that produces a present value equal to the Issue Price of all unconditionally payable payments of principal, interest and fees for qualified guarantees within the meaning of Regulations section 1.148-4(f) and amounts reasonably expected to be paid as fees for qualified guarantees in connection with the Bonds as determined under Regulations section 1.148-4(b). The present value of all such payments shall be computed as of the date of issue of the Bonds and using semi-annual compounding on the basis of a 360-day year.

Code shall mean the Internal Revenue Code of 1986, as amended, and any successor provisions thereto.

Gross Proceeds shall mean:

(a) any amounts actually or constructively received by the Commonwealth from the sale of the Bonds but excluding amounts used to pay accrued interest on the Bonds within one year of the date of issuance of the Bonds;

(b) transferred proceeds of the Bonds under Regulations section 1.148-9;

(c) any amounts actually or constructively received from investing amounts described in (a), (b) or this (c); and

(d) replacement proceeds of the Bonds within the meaning of Regulations section 1.148-1(c). Replacement proceeds include amounts reasonably expected to be used directly or indirectly to pay debt service on the Bonds, pledged amounts where there is reasonable assurance that such amounts will be available to pay principal or interest on the Bonds in the event the Commonwealth encounters financial difficulties and other replacement proceeds within the meaning of Regulations section 1.148-1(c)(4).

Whether an amount is Gross Proceeds is determined without regard to whether the amount is held in any fund or account established under the Bond Resolution.

Investment Property shall mean any security, obligation (other than a tax-exempt bond within the meaning of Code section 148(b)(3)(A)), annuity contract or investment-type property within the meaning of Regulations section 1.148-1(b).

Issue Price is \$3,255,000,000 which is the initial offering price to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters of wholesalers) at which price a substantial amount of the Bonds were sold.

Nonpurpose Investment shall mean any Investment Property acquired with Gross Proceeds, and which is not acquired to carry out the governmental purposes of the Bonds.

Payment shall mean any payment within the meaning of Regulations section 1.148-3(d)(1) with respect to a Nonpurpose Investment.

Rebate Requirement shall mean at any time the excess of the future value of all Receipts over the future value of all Payments.

For purposes of calculating the Rebate Requirement:

(a) the Bond Yield shall be used to determine the future value of Receipts and Payments in accordance with Regulations section 1.148-3(c); and

(b) Nonpurpose Investments deposited in any bona fide debt service fund for the Bonds within the meaning of Regulations section 1.148-1(b) shall not be taken into account.

Receipt shall mean any receipt within the meaning of Regulations section 1.148-3(d)(2) with respect to a Nonpurpose Investment.

Regulations shall mean the sections 1.148-1 through 1.148-11 and section 1.150-1 of the regulations of the United States Department of the Treasury promulgated under the Code, and any amendments thereto or successor regulations.

Yield shall mean the discount rate that, when used in computing the present value as of the date the Nonpurpose Investment is first allocated to the Bonds of all unconditionally payable receipts from the Nonpurpose Investment, produces an amount equal to the present value of all unconditionally payable payments for the Nonpurpose Investment, using semi-annual compounding on the basis of a 360-day year. The purchase price of a Nonpurpose Investment is the amount of Gross Proceeds directly used to purchase the investment (including brokerage commissions and other qualified administrative costs within the meaning of Regulations section 1.148-5(e)(2)) or, if not so directly purchased, its value (as determined under Regulations section 1.148-5(d)) on the date it becomes a Nonpurpose Investment.

ARTICLE II

Rebate Payments

Section 201. The Commonwealth shall pay to the United States of America:

(a) not later than 60 days after the end of the fifth Bond Year and every fifth Bond Year thereafter, an amount which, when added to the future value of all previous rebate payments with respect to the Bonds (determined as of the last day of such Bond Year), is equal to at least 90% of the Rebate Requirement (determined as of the last day of such Bond Year); and

(b) not later than 60 days after the retirement of the last Bond, an amount which, when added to the future value of all previous rebate payments with respect to the Bonds (determined as of the date of retirement of the last Bond), is equal to 100% of the Rebate Requirement (determined as of the date of retirement of the last Bond).

Each payment required to be made under this Section shall be filed with the Internal Revenue Service, Ogden Submission Processing Center, Ogden, Utah 84201, on or before the date such payment is due, and shall be accompanied by Form 8038-T.

ARTICLE III

Investments

Section 301. No Nonpurpose Investment shall be acquired for an amount in excess of its fair market value. No Nonpurpose Investment shall be sold or otherwise disposed of for an amount less than its fair market value.

Section 302. For purposes of Section 301, whether a Nonpurpose Investment has been purchased or sold or disposed of for its fair market value shall be determined as follows:

(a) The fair market value of a Nonpurpose Investment generally shall be the price at which a willing buyer would purchase the Nonpurpose Investment from a willing seller in a bona fide arm's length transaction. Fair market value shall be determined on the date on which a contract to purchase or sell the Nonpurpose Investment becomes binding.

(b) Except as provided in Section 303 and 304, a Nonpurpose Investment that is not of a type traded on an established securities market, within the meaning of Code section 1273, is rebuttably presumed to be acquired or disposed of for a price that is not equal to its fair market value.

(c) If a United States Treasury obligation is acquired directly from or sold or disposed of directly to the United States Treasury, such acquisition or sale or disposition shall be treated as establishing the fair market value of the obligation.

Section 303. The purchase price of a certificate of deposit that has a fixed interest rate, a fixed payment schedule and a substantial penalty for early withdrawal is considered to be its fair market value if the yield on the certificate of deposit is not less than:

(a) the yield on reasonably comparable direct obligations of the United States;
and

(b) the highest yield that is published or posted by the provider to be currently available from the provider on reasonably comparable certificates of deposit offered to the public.

Section 304. A guaranteed investment contract shall be considered acquired and disposed of for an amount equal to its fair market value if:

(a) The Commonwealth makes a bona fide solicitation for a specified guaranteed investment contract and receives at least three bona fide bids from providers of guaranteed investment contracts that have no material financial interest in the Bonds.

(b) The Commonwealth purchases the highest-yielding guaranteed investment contract for which a qualifying bid is made (determined net of broker's fees).

(c) The yield on the guaranteed investment contract (determined net of broker's fees) is not less than the yield then available from the provider on reasonably comparable guaranteed investment contracts, if any, offered to other persons from a source of funds other than gross proceeds of tax-exempt bonds

(d) The determination of the terms of the guaranteed investment contract takes into account as a significant factor the Commonwealth's reasonably expected drawdown schedule for the amounts to be invested, exclusive of amounts on deposit in debt service funds and reasonably required reserve or replacement funds.

(e) The terms for the guaranteed investment contract, including collateral security requirements, are reasonable.

(f) The obligor on the investment contract certifies the administrative costs (as defined in Regulations section 1.148-5(e)) that it is paying (or expects to pay) to third parties in connection with the guaranteed investment contract.

ARTICLE IV
Further Assurances

Section 401. The Commonwealth shall take all necessary and desirable steps to comply with the requirements hereunder in order to ensure that interest on the Bonds is excluded from gross income for federal income tax purposes under the Code; provided, however, compliance with any such requirement shall not be required in the event the Commonwealth receives a Bond Counsel's Opinion that either (i) compliance with such requirement is not required to maintain the exclusion from gross income of interest on the Bonds, or (ii) compliance with some other requirement in lieu of such requirement will meet the requirements of the Code. In the event the Commonwealth receives such a Bond Counsel's Opinion, the Commonwealth agrees to amend these Covenants to conform to the requirements set forth in such opinion.

Section 402. If for any reason any requirement hereunder is not complied with, the Commonwealth shall take all necessary and desirable steps to correct such noncompliance within a reasonable period of time after such noncompliance is discovered or should have been discovered with the exercise of reasonable diligence and shall pay any required interest or penalty under Regulations sections 1.148-3(h).

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